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# 2014 Nebraska Farmland Values and Rental Rates

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# Cornhusker Economics

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## 2014 Nebraska Farmland Values and Rental Rates

Market Report	Year Ago	4 Wks Ago	6/27/14
<b><u>Livestock and Products,</u></b>			
<b><u>Weekly Average</u></b>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight. . . . .	121.47	143.09	155.27
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb. . . . .	174.19	*	277.00
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb. . . . .	148.96	*	227.50
Choice Boxed Beef, 600-750 lb. Carcass. . . . .	197.64	233.44	244.39
Western Corn Belt Base Hog Price Carcass, Negotiated. . . . .	99.86	108.72	125.44
Pork Carcass Cutout, 185 lb. Carcass 51-52% Lean. . . . .	108.91	115.46	130.85
Slaughter Lambs, Ch. & Pr., Heavy, Woolled, South Dakota, Direct. . . . .	117.50	156.00	146.00
National Carcass Lamb Cutout FOB. . . . .	286.58	361.04	358.48
<b><u>Crops,</u></b>			
<b><u>Daily Spot Prices</u></b>			
Wheat, No. 1, H.W. Imperial, bu. . . . .	6.52	6.38	6.66
Corn, No. 2, Yellow Nebraska City, bu. . . . .	6.77	4.43	4.32
Soybeans, No. 1, Yellow Nebraska City, bu. . . . .	15.71	14.81	14.18
Grain Sorghum, No.2, Yellow Dorchester, cwt. . . . .	11.50	7.70	7.61
Oats, No. 2, Heavy Minneapolis, Mn, bu. . . . .	4.26	4.09	3.76
<b><u>Feed</u></b>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton. . . . .	*	220.00	192.50
Alfalfa, Large Rounds, Good Platte Valley, ton. . . . .	200.00	120.00	*
Grass Hay, Large Rounds, Good Nebraska, ton. . . . .	200.00	105.00	*
Dried Distillers Grains, 10% Moisture Nebraska Average. . . . .	232.00	185.00	145.00
Wet Distillers Grains, 65-70% Moisture Nebraska Average. . . . .	85.00	57.00	65.00
* No Market			

The recently published Nebraska Farm Real Estate Market Highlights 2013-2014 report indicates as of February 1, 2014 the weighted average farmland value for the state rose by about 9 percent over the prior 12-month period to \$3,315 per acre (Figure 1 on page 2 and Table 1 on page 3). Also, 2014 cash rental rates on average declined across Nebraska for dryland and irrigated cropland; while pasture and cow-calf pair rental rates significantly increased (Table 2 on page 4). Survey panel members indicated lower grain prices as the most negative factor influencing cropland rental markets and cattle prices as the most positive factor leading into record setting cow-calf pair rental rates.

Since February 1, 2013 the largest percent increase in land value for Nebraska reported by survey participants occurred in hayland and grazing land (nontillable) classes at 26 and 24 percent respectively. These two types of land are the primary classes that service the forage requirements of cow-calf producers in the state. Percent increase in value of these two land classes were generally greater than 30 percent for districts located in the western two-thirds of the state. Survey panel members indicated a very bullish outlook for future increases on the value of hayland and grazing land as many anticipate the prices of cattle to remain steady.

Changes in the value of dryland cropland in Nebraska also followed general trends observed for hayland and grazing land. Changes across the eastern third of Nebraska were generally less than 10 percent, whereas the western two-thirds generally ranged from about 20 to 30 percent.



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In the prior two to three years of the survey report, the increase in the value of dryland cropland has generally ranged between 20 to 30 percent for the eastern three districts. Survey panel members indicated one of the biggest concerns for dryland cropland (irrigation potential) is restrictions on developing ground water for irrigation. Future changes in the value of this land class will likely be tied to ground water policies guiding future irrigation development.

Center pivot and gravity irrigated cropland for Nebraska increased an average of 6 and 3 percent respectively over the prior 12-month period. The largest positive changes in irrigated land values occurred in the Northwest, North, Central, and Southwest Districts. The other districts recorded small changes in the value of irrigated cropland in 2014 suggesting the market is holding steady given current commodity prices and expectations. According to panel members, the center pivot and gravity irrigated land classes have the greatest estimated value of all of the land classes due to the revenue typically associated with this ground.

The current economic state of the grain and beef industry across Nebraska is being reflected in the changes in agricultural land rental rates. Anticipated lower grain prices for crops harvested in 2014 reduce profit margins for dryland and irrigated cropland. As a result, cropland rental rates declined about 5 to 15 percent on average from the record high set in 2013. Several instances exist where rental rates did increase over 2013 averages, but overall rental rates declined across Nebraska for cropland. Panel members reported strong pasture and cow-calf pair rental rates correlating with higher cattle prices. Cases where pasture

rental rates decreased may reflect lingering effects of the drought and the resulting lowering of stocking rates.

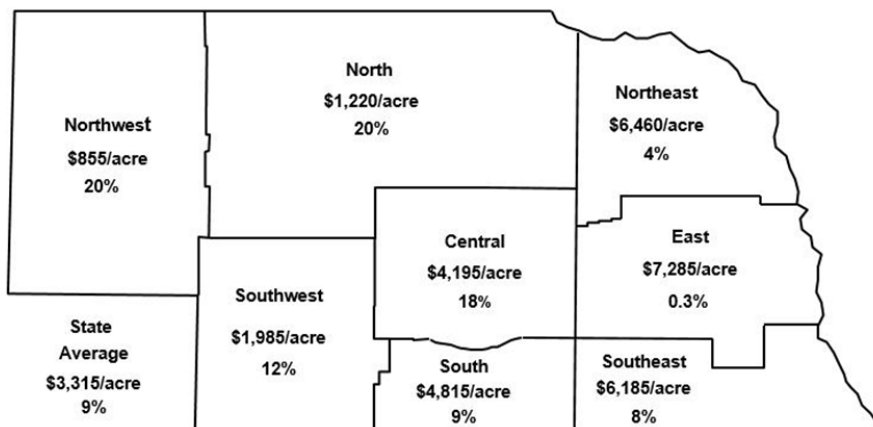
Survey results shown and discussed in this report are findings from the University of Nebraska–Lincoln 2014 Nebraska Farm Real Estate Market Survey. Land values and rental rates presented in this report are averages of survey panel members' responses by district. Actual land values and rental rates may vary depending upon the quality of the parcel and local market for an area. Complete results from the survey are available electronically via the Nebraska Farm Real Estate website: [agecon.unl.edu/realestate](http://agecon.unl.edu/realestate)

Land appraisers, farm managers, or agricultural finance professionals from Nebraska interested in participating in future Nebraska Farm Real Estate Market Surveys are invited to contact the Department of Agricultural Economics at the University of Nebraska–Lincoln. Interested parties can directly contact the Agricultural Economics Department by phone: (402) 472-3401 or email: [agecon@unl.edu](mailto:agecon@unl.edu)

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**Figure 1. Average Value of Nebraska Farmland, February 1, 2014 and Percent Change From a Year Earlier**



Source: UNL Nebraska Farm Real Estate Market Surveys, 2013 and 2014 .

**Table 1. Average Reported Value of Nebraska Farmland for Different Land Types and Sub-State Regions, February 1, 2014<sup>a</sup>**

Type of Land	Agricultural Statistics District								
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast	State <sup>c</sup>
----- Dollars Per Acre -----									
<b>Dryland Cropland (No Irrigation Potential)</b>									
\$/acre	845	1,720	6,430	3,490	6,575	1,965	3,490	5,425	3,730
% change	21	49	7	33	-2	28	8	10	11
<b>Dryland Cropland (Irrigation Potential)</b>									
\$/acre	935	2,390	7,215	4,910	7,545	2,035	5,090	7,100	5,240
% change	28	24	2	24	2	23	22	8	7
<b>Grazing Land (Tillable)</b>									
\$/acre	550	1,150	4,075	2,300	3,620	890	2,430	3,285	1,390
% change	29	10	14	11	7	34	34	3	14
<b>Grazing Land (Nontillable)</b>									
\$/acre	405	625	2,490	1,670	2,500	805	1,775	2,170	865
% change	9	25	35	28	12	41	29	16	24
<b>Hayland</b>									
\$/acre	1,025	1,660	2,915	2,350	3,280	1,545	2,350	2,515	1,965
% change	31	44	11	27	-1	33	31	22	26
<b>Gravity Irrigated Cropland</b>									
\$/acre	3,040	4,215	7,455	8,065	8,750	4,515	7,290	8,330	7,310
% change	6	36	-5	17	-1	17	3	8	6
<b>Center Pivot Irrigated Cropland<sup>b</sup></b>									
\$/acre	3,770	4,985	8,855	8,940	9,860	5,750	8,440	9,760	7,685
% change	21	-5	2	10	-2	11	1	4	3
<b>All Land Average<sup>c</sup></b>									
\$/acre	855	1,220	6,460	4,195	7,285	1,985	4,815	6,185	3,315
% change	20	20	4	18	0.3	12	9	8	9

Source: <sup>a</sup> UNL Nebraska Farm Real Estate Market Surveys, 2013 and 2014.

<sup>b</sup> Value of pivot not included in per acre value.

<sup>c</sup> Weighted averages.

**Table 2. Reported Cash Rental Rates for Various Types of Nebraska Farmland and Pasture:  
2014 Averages, Percent Change from 2013 and Quality Ranges by Agricultural Statistics  
District<sup>a</sup>**

Type of Land	Agricultural Statistics District							
	Northwest	North	Northeast	Central	East	Southwest	South	Southeast
----- Dollars Per Acre-----								
<b>Dryland Cropland:</b>								
Average.....	40	70	245	110	215	50	90	175
% Change .....	0	23	5	-7	-2	-15	-28	1
High Third Quality...	55	95	305	170	270	65	125	225
Low Third Quality....	30	45	185	70	160	40	70	130
<b>Gravity Irrigated Cropland:</b>								
Average.....	145	205	290	250	315	190	225	295
% Change .....	b	b	-9	-4	-2	-10	-18	-1
High Third Quality...	190	260	340	325	375	235	280	355
Low Third Quality....	90	170	215	190	260	155	180	235
<b>Center Pivot Irrigated Cropland<sup>c</sup>:</b>								
Average.....	200	250	370	260	355	305	270	335
% Change .....	-11	-6	-2	-33	0	13	-14	-3
High Third Quality...	240	340	445	280	425	345	335	415
Low Third Quality....	150	190	315	220	290	255	240	265
<b>Pasture:</b>								
Average.....	10	25	70	30	55	20	35	50
% Change .....	-23	56	32	-14	12	18	-5	19
High Third Quality...	15	35	100	45	70	30	50	65
Low Third Quality....	5	15	55	25	45	15	30	40
----- Dollars Per Month-----								
<b>Cow-Calf Pair Rates<sup>d</sup>:</b>								
Average.....	32.30	48.55	55.00	59.95	49.00	45.45	32.10	43.00
High Third Quality <sup>f</sup>	43.55	69.45	67.90	74.10	62.95	59.45	42.15	56.10
Low Third Quality <sup>f</sup>	29.15	39.65	45.05	40.95	51.20	39.90	28.40	38.60

Source: <sup>a</sup> Reporters' estimated cash rental rates (both averages and ranges) from the UNL Nebraska Farm Real Estate Market Survey, 2013 and 2014.

<sup>b</sup> Insufficient number of reports in 2013 to calculate percent change to 2014 rental values.

<sup>c</sup> Cash rents on center pivot land assumes landowners own total irrigation system.

<sup>d</sup> A cow-calf pair is typically considered to be 1.25 to 1.30 animal units (animal unit being 1,000 lb. animal). However, this can vary depending on weight of cow and age of calf.

<sup>f</sup> Cow-calf pair rates will vary by services provided by the landowner.